



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

Andy Beshear  
GOVERNOR

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**VETO MESSAGE FROM THE**  
**GOVERNOR OF THE COMMONWEALTH OF KENTUCKY**  
**REGARDING SENATE BILL 109 OF THE 2023 REGULAR SESSION**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky Constitution, do hereby veto the following:*

Senate Bill 109 of the 2023 Regular Session of the General Assembly in its entirety.

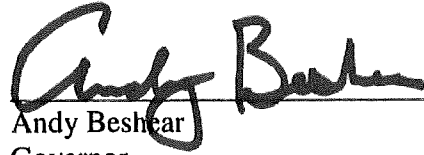
*The expansion of the de minimis exemption from registration of Kentucky-based investment advisers with five or fewer clients in Senate Bill 109 would place Kentucky alone among the states. Kentucky and other states permit out-of-state investment advisers with a de minimis number of clients to not register in Kentucky, since they are registered and regulated in another state. The bill will create a regulatory gap and disrupt the regulatory structure intended to protect investors in Kentucky seeking advice and guidance on how best to save for retirement or their children's education.*

*Moreover, Senate Bill 109 potentially harms the reciprocity Kentucky maintains with other states to regulate investment advisers. Investment advisers are regulated through both the Securities and Exchange Commission and state securities regulators through a structure that allows Kentucky investors to conduct due diligence on investment advisers that conduct business in Kentucky but are regulated by other state securities regulators. Senate Bill 109 would make Kentucky the only state to deregulate this group of investment advisers, thereby depriving other states from relying on Kentucky's regulators to allow for the same due diligence by their residents.*

*In short, Senate Bill 109 creates a giant loophole for Kentucky based investors that conduct their business in other states. This undermines the purpose of the Uniform Securities Act and may lead to other states denying Kentucky investors the ability to conduct due diligence of investors in other states conducting business here. My concerns are shared by the Securities Industry and Financial Markets Association as reflected in the attached letter from their Managing Director and Associate General Counsel. There are elements of Senate Bill 109 that have merit and I am open to further discussion on those parts that would facilitate additional investment in Kentucky.*

*For these reasons, I am vetoing Senate Bill 109.*

This, the 11<sup>th</sup> day of April, 2023.

A handwritten signature in black ink, appearing to read "Andy Beshear", is written over a horizontal line. The signature is stylized with a large, looping "A" and a cursive "Beshear".

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Andy Beshear  
Governor